



DEPARTMENT OF AUDITS AND ACCOUNTS

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February 21, 2019

The Honorable Tommy Benton
State Representative
State Capitol, Room 217
Atlanta, Georgia 30334

SUBJECT: State Auditor's Certification
Substitute to House Bill 109
(LC 43 1270S)

Dear Representative Benton:

This substitute bill would amend retirement provisions for persons who first become a member of the Teachers Retirement System of Georgia on or after July 1, 2019 and for members who withdraw their contributions on or after July 1, 2019. Specifically, this bill would:

- Change the definition of 'average final compensation' to be the highest average for five consecutive years. For current members, 'final average compensation' is based on the highest average for two consecutive years;
- Set \$200,000 as the maximum earnable compensation that can be used in the determination of retirement benefits;
- Set a range for required employee contributions at 6-8.5 percent. The range for current members is 5-6 percent;
- Eliminate the opportunity for members to apply unused sick leave towards service credit;
- Change the definition of 'normal retirement age.' Members covered under this legislation would reach 'normal retirement age' when the member's age plus years of service equal 85 or when the member reaches 62 years of age and has at least ten years of membership service;
- Eliminate the right for teachers to retire in advance of the start of the school year when they achieve their 30 years of service by December 31st of that school year;
- Modify provisions for calculating retirement benefits; and

- Set limitations on postretirement benefit adjustments. Under the provisions of this bill, such members would not receive a postretirement benefit adjustment more than once annually and such adjustment could not exceed the lesser of 3 percent or the prior year's annualized rate of inflation as determined by the board of trustees.

This is to certify that this substitute bill is a nonfiscal retirement bill as defined in the Public Retirement Systems Standards Law. However, if enacted, this bill could increase the administrative costs of the System since information systems would have to be reconfigured to allow for the collection of varying employee contributions between current and future members. Furthermore, member employers could also experience increases in administrative expenses to reconfigure payroll systems to manage varying employee contribution rates.

Respectfully,

/s/ Greg S. Griffin

Greg S. Griffin
State Auditor

GSG/cs